

**Audit**

# **Audit Reports and Followup**

**Headquarters  
Department of the Army  
Washington, DC  
26 April 1991**

**Unclassified**

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# ***SUMMARY of CHANGE***

AR 36-2

Audit Reports and Followup

This revision--

- o Changes responsibilities for audit resolution and adds responsibilities for Program Executive Officers and Program Managers (chap 1).
- o Adds responsibilities and procedures for releasing command reply process documents on USAAA reports and for releasing documents to GAO (chap 1).
- o Changes responsibilities for including resolution and implementation of audit recommendations on officer evaluation support forms and civilian performance standards (chap 1).
- o Changes the dollar criteria for a finding to be considered significant (chap 1).
- o Adds guidance that can be given to personnel tasked to provide a command reply to a USAAA report (chap 2).
- o Adds procedures for providing completion and target completion dates, and requires that target dates for more than 12 months be justified in command replies to USAAA reports (chap 2).
- o Adds procedures for processing time sensitive reports issued by USAAA (chap 2).
- o Adds procedures for distributing and replying to GAO reports (chap 4).
- o Adds procedures for followup by internal review and TIG (chap 5).
- o Changes procedures for supplemental command replies to USAAA audit report (chap 5).
- o Changes reporting requirements for the semiannual Followup Status Report (chap 6).
- o Adds reporting requirements by inspectors general, internal review offices, U.S. Army Corps of Engineers, U.S. Army Criminal Investigation Command, and USAAA for the DOD Inspector General Semiannual Report to the Congress (chap 7).

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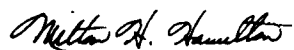
**Audit**

**Audit Reports and Followup**

**By Order of the Secretary of the Army:**

CARL E. VUONO  
General, United States Army  
Chief of Staff

**Official:**



MILTON H. HAMILTON  
Administrative Assistant to the  
Secretary of the Army

**History.** This UPDATE printing publishes a revision of this publication. This publication has been reorganized to make it compatible with the Army electronic publishing database. No content has been changed.

**Summary.** This regulation prescribes policy and guidance relating to management actions in response to audits by U.S. Army Audit Agency, U.S. General Accounting Office, and commercial firms and reports by Department of Defense Inspector General and internal review. It implements DOD Directive

7650.1, DOD Directive 7650.2, DOD Directive 7650.3, DOD Instruction 7050.3, and DOD Instruction 7750.6. It also describes the Army's followup program and provides guidance on the semiannual Followup Status and Inspector General Reports.

**Applicability.** This regulation applies to the Active Army, the Army National Guard, and the U.S. Army Reserve. It does not apply to contract audit reports issued by the Defense Contract Audit Agency and the Army Corps of Engineers except for the seminannual Inspector General Report requirements in chapter 7.

**Proponent and exception authority.** Not used.

**Army management control process.** This regulation is subject to the requirements of Army Regulation 11-2. It contains internal control provisions but does not contain checklists for conducting internal control reviews. These checklists are contained in DA Circular 11-86-1.

**Supplementation.** Supplementation of this regulation and establishment of command and local forms are prohibited without prior

approval from HQDA (SAIG-PA), WASH DC 20310-1734.

**Interim changes.** Interim changes to this regulation are not official unless they are authenticated by the administrative Assistant to the Secretary of the Army. Users will destroy interim changes on their expiration dates unless sooner superseded or rescinded.

**Suggested Improvements.** The proponent agency for this regulation is the Office of The Inspector General. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to HQDA (SAIG-PA), WASH DC 20310-1734.

**Distribution.** Distribution of this publication is made in accordance with the requirements on DA Form 12-90-E, block number 2044, intended for command level C for Active Army, the Army National Guard, and the U.S. Army Reserve.

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\*This regulation supersedes AR 36-2, 5 September 1986.

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## Chapter 1 Introduction

### Section I General

#### 1-1. Purpose

This regulation prescribes responsibilities, policies, and procedures for management action in response to audits by U.S. Army Audit Agency (USAAA), U.S. General Accounting Office (GAO), and commercial firms and reports by Inspector General, Department of Defense (IG DOD), and internal review (IR). It describes the Army's followup program and the requirements for preparing and submitting the semiannual Followup Status and Inspector General Reports.

#### 1-2. References

Required and related publications and prescribed and referenced forms are listed in appendix A.

#### 1-3. Explanation of abbreviations and terms

Abbreviations and special terms used in this regulation are explained in the glossary.

#### 1-4. Policy

a. Audit agencies and IR organizations are recognized, supported, and used as important elements of management systems. Every effort will be made to cooperate fully with auditors.

b. Managers will use audit and IR reports to evaluate and improve the effectiveness and efficiency of Army operations. Prompt, responsive, and effective corrective actions will be taken on agreed upon findings and recommendations (FARs).

c. Tentative FARs and draft reports made available by audit agencies for review and comment are subject to revision and will be safeguarded to prevent any premature or unauthorized release, disclosure, or use.

d. Decisions on disputed FARs will be well documented and consistent with legal statutes, regulations, and Department of the Army (DA) policy. All disagreements between management and auditors will, in accordance with statute (P.L. 95-52), Office of Management and Budget (OMB) Circular A-50, and DOD Directive 7650.3, be decided within 6 months from the date of the final audit report. Therefore, dates established for responding to audit reports will be met.

e. Followup is an integral part of good management and is a responsibility shared by managers and oversight personnel. Commands and Headquarters, Department of the Army (HQDA) principal officials will establish followup systems in accordance with chapter 5 for FARs directed to their activities to ensure that recommendations are fully implemented; they will maintain a complete record of actions taken on FARs.

f. Requests for copies of USAAA and GAO audit or IG DOD reports from non-DA sources will be referred to the originator of the report. Requests for copies of commercial audit reports of non-appropriated funds and related activities will be referred to U.S. Army Community and Family Support Center. Requests for copies of all other commercial reports will be referred to the originator of the report.

g. When collections to recover amounts due to the Government are to be made as a result of an agreed-to audit report, accounts receivable will be established. The audited activity has primary responsibility for ensuring that necessary recovery action is taken.

h. Officers, Senior Executive Service, and Merit Pay or equivalent employees with significant responsibility for audit resolution and implementation of agreed upon corrective actions will have these responsibilities reflected in DA Form 67-8 (U.S. Army Officer Evaluation Report), and DA Form 5397 (Civilian Performance Plan). Guidance is contained in AR 623-105, AR 690-400, and AR 69-900.

i. Special attention will be given to significant, sensitive, or potentially adverse FARs. This includes making the highest management levels aware of such FARs. The following should be considered when determining whether FARs require special attention.

(1) Findings with potential monetary benefits of \$1 million or more. Any potential monetary benefits of \$1 million or more associated with a finding will automatically be considered significant. Lesser amounts may be considered significant at a particular command.

(2) Effect on combat readiness or program accomplishment.

(3) Requirement for any major Army policy changes.

(4) Position and degree of responsibility held by persons involved or the number of persons involved.

(5) Disclosure of any serious incident including possibility of abuse or illegal acts.

(6) Sensitivity of the subject either politically or based on media interest.

(7) Effect on safety, health, security, or morale.

(8) Systemic weaknesses that might result in recurring problems.

(9) Minor deficiencies that become significant in the aggregate.

(10) Repeat findings not previously corrected.

#### 1-5. Audit trends

a. Reports should be analyzed to determine if trends or patterns exist that require special attention. Commands and HQDA principal officials should determine whether deficiencies reported at one activity are more widespread. This may be accomplished by analysis of other audit and inspection reports, written inquiry to other subordinate elements, examination during normal staff visits, or any other available means. If deficiencies are found to exist elsewhere, command or Army-wide review should continue until all deficiencies have been corrected.

b. Periodically, The Inspector General (TIG) will publish information concerning conditions reported in recent audit reports. HQDA principal officials and major Army commands (MACOMs) are encouraged to submit to TIG (SAIG-PA) items indicating trends, identified by their agencies or commands, that may be of interest to other managers. Submissions should briefly describe the problem and the solution. Commanders should determine if similar deficiencies exist within their command and take corrective action as required.

#### 1-6. Reports control (RCS: DD-IG(SA)1574 and DD-IG(SA)1717)

a. Audit reports and command replies are exempt from reports control under AR 335-15, paragraph 5-2e.

b. TIG is responsible for consolidating input from Army agencies and submitting two reports to IG DOD semiannually. The semiannual DA Form 5518-R (Followup Status Report) (chap 6), on the status of actions on audit reports carries the RCS: DD-IG(SA)1574. The DD Form 2487 (DOD Inspector General Semiannual Report to the Congress) (chap 7), on significant activities of auditors, investigators and inspectors carries the RCS: DD-IG(SA)1717. The report control symbols will be used on applicable feeder reports. IG DOD consolidates the reports from the Military Departments and other DOD components and submits the reports to Congress in accordance with Public Law 95-452, "Inspector General Act of 1978," as amended.

### Section II Responsibilities

#### 1-7. Under Secretary of the Army

The Under Secretary of the Army (USofA) will decide disagreements between management and the USAAA on issues involving Secretariat functions, including civil works matters, that cannot be resolved at a lower level.

#### 1-8. Vice Chief of Staff, Army

The Vice Chief of Staff, Army (VCSA) will decide disagreements

between management and USAAA on issues involving Army Staff functions when lower level efforts are unsuccessful.

#### **1-9. Assistant Secretary of the Army (Financial Management)**

The Assistant Secretary of the Army (Financial Management) (ASA(FM)) will—

- a. Act for the USofA in deciding disagreements concerning violations of AR 37-1.
- b. Direct the Internal Review and Audit Compliance Program within the Army in accordance with AR 11-7 and assist the followup activities of TIG.
- c. Consolidate IR data for the Inspector General Report in accordance with chapter 7.

#### **1-10. The Inspector General**

TIG will—

- a. Serve as the Army followup official to manage and oversee the effective execution of the Army followup program, to include the establishment of followup focal points, and to assist the followup activities of IG DOD.
- b. Establish policies, procedures, and systems for the command reply process and followup program for USAAA and GAO audits; directed audits by commercial firms; and IG DOD reports and the followup program for IR and other commercial reports.
- c. Coordinate with ASA(FM) and USAAA, who have a high interest in audit followup, on matters affecting their areas of responsibility.
- d. Monitor implementation of corrective actions to be taken by the responsible commands or HQDA principal officials on USAAA audits.
- e. Perform on-site followup on a selective basis to verify corrective actions taken and to ensure that accurate followup status records are maintained.
- f. Make on-site visits on a selective basis to evaluate the effectiveness of command and HQDA principal official followup systems.
- g. Review official command replies from MACOMs and HQDA principal officials concerning USAAA reports for adequacy and take action in accordance with chapter 2.
- h. Mediate disagreements between management and USAAA in accordance with chapter 2.
- i. Maintain the office of record for the official command reply process documentation on USAAA audit reports.
- j. Serve as the initial denial authority under AR 340-17 for documents related to the official command reply process on USAAA audit reports.
- k. Consolidate and submit the semiannual followup status and Inspector General reports in accordance with chapters 6 and 7.
- l. Serve as the DA point of contact for receipt, assignment, coordination, and control of all GAO audit and IG DOD reports and for the receipt and dissemination of information concerning IG DOD activities within DA.
- m. Distribute IG DOD and GAO reports to appropriate HQDA principal officials and MACOMs.
- n. Task the HQDA principal official having primary responsibility to prepare the response to GAO audit and IG DOD reports.
- o. Arrange and monitor meetings between HQDA principal officials and representatives of GAO or IG DOD to resolve differences concerning facts or conclusions.
- p. Provide copies of the approved DOD position on GAO audit reports to addressees originally involved with the reports.
- q. Maintain the office of record for all GAO audit and IG DOD reports.
- r. Task IG DOD requests for status on corrective actions taken concerning GAO audit and IG DOD reports.
- s. Furnish HQDA principal officials a summary of GAO and IG DOD audit announcements, reports, and IG DOD requests for followup status received each week.

t. Provide guidance to HQDA principal officials and MACOMs regarding access to and release of documents to GAO and IG DOD.

#### **1-11. Deputy Chief of Staff for Personnel**

The Deputy Chief of Staff for Personnel will—

- a. Schedule, receive, and review commercial audit reports of nonappropriated fund instrumentalities. (See para 2-2.)
- b. Receive and review command replies to these reports.
- c. Coordinate with ASA(FM) as necessary.
- d. Provide appropriate guidance to the audited activities.
- e. Take followup actions as deemed appropriate.

#### **1-12. HQDA principal officials**

HQDA principal officials will—

- a. Designate an audit focal point to control, track, and report on all audits and reports that contain FARs addressed to their activities or for which they are assigned action by HQDA. Inform TIG (SAIG-PA) of the name, office symbol, room number, and telephone number of the individual designated. Elements having an IR element will use that office as their focal point.
  - b. Establish a followup system in accordance with chapter 5 to be used by the audit focal point to track corrective actions taken in response to audit and IR recommendations and to prepare the semi-annual Followup Status Report in accordance with chapter 6.
  - c. Assign an action officer for each GAO audit and IG DOD report for which their element has primary responsibility to monitor the actions taken and act as the DA action officer.
  - d. Give special attention to significant or sensitive FARs, as defined in paragraph 1-4i, addressed to their element or concerning functions under their proponenty. Inform the Secretary of the Army and Chief of Staff, Army, of potentially adverse FARs (those that might result in embarrassment to or criticism of DA, unfavorable publicity, or congressional inquiry); also, advise the applicable Assistant Secretary of the Army, Chiefs of Legislative Liaison and Public Affairs, and TIG.
  - e. Take corrective action on agreed upon FARs and take action—
    - (1) On USAAA, IR, and commercial audit reports addressed to their element or forwarded for review in accordance with chapter 2.
    - (2) On IG DOD or GAO reports when assigned responsibility or tasked to take action according to chapters 3 and 4.
  - f. Participate, as required, in the evaluation of command replies from audited commands and provide policy guidance, decisions, and technical guidance to audited commands.
  - g. Ensure that officers, Senior Executive Service, and Merit Pay or equivalent employees with significant responsibility for audit resolution and implementation of agreed upon corrective actions have these responsibilities reflected in DA Forms 67-8 and DA Forms 5397. Guidance is contained in ARs 623-105, 69-400, and 690-900.
- #### **1-13. Commanders, State adjutants general, program executive officers, and program managers**
- Commanders, State adjutants general, program executive officers (PEOs), and program managers (PMs) will—
- a. Designate an audit focal point to control, track, and report on all audit and IR reports that contain FARs addressed to their activities or for which they are assigned action by HQDA. MACOMs will inform TIG (SAIG-PA) of the name, office symbol, address, and telephone number of the individual designated. Commands having an IR element will use that office as their focal point for all audit and IR reports. PEOs and PMs at installations or commands having an IR office will use that office as their focal point.
  - b. Establish a followup system in accordance with chapter 5 to be used by the audit focal point to track corrective actions taken in response to audit and IR recommendations and to prepare the semi-annual followup status report in accordance with chapter 6.
  - c. Give special attention to significant or sensitive FARs, as defined in paragraph 1-4i, addressed to their activities. This includes making the highest levels of command aware of such FARs.
  - d. Take corrective action on agreed upon FARs and take action—

(1) On USAAA, IR, and commercial audit reports addressed to their element or forwarded for review in accordance with chapter 2.

(2) On IG DOD or GAO reports when assigned responsibility or tasked to take action according to chapters 3 and 4.

*e.* Ensure that officers, Senior Executive Service, and Merit Pay or equivalent employees with significant responsibility for audit resolution and implementation of agreed upon corrective actions have these responsibilities reflected in DA forms 67-8 and DA forms 5397. Guidance is contained in AR 623-105, AR 690-400, and AR 690-900.

*f.* Ensure IRs and IGs submit feeder reports for the Inspector General Report in accordance with chapter 7. (U.S. Army Corps of Engineers and U.S. Army Criminal Investigation Command special reporting requirements are in chap 7.)

#### **1-14. The Auditor General**

The Auditor General will—

*a.* Include pertinent command comments on findings, recommendations, estimated monetary benefits, planned corrective actions, completion or target completion dates, and an evaluation of any inadequacies in such comments, in final audit reports.

*b.* Participate in the evaluation of command replies to USAAA audit reports and in the mediation of disagreements on these audits in accordance with chapter 2.

*c.* Assist TIG and IG DOD in assessing responsiveness of actions taken by management regarding agreed upon audit recommendations.

*d.* Followup on known FARs from previous audits that could have an effect on current audit objectives to determine whether prompt and appropriate corrective actions have been taken and maximum benefits achieved.

*e.* Make selective on-site followup audits to ensure that deficiencies have been corrected and that maximum benefits have been achieved.

*f.* Report instances of noncompliance with agreed upon audit recommendations to TIG (SAIG-PA) and the appropriate manager, with a copy of the report to IG DOD (AIG(AFU)).

*g.* Submit feeder reports for the semiannual Followup Status and Inspector General Reports in accordance with chapters 6 and 7.

*h.* Approve all contracts for commercial audit services in accordance with AR 36-5.

#### **1-15. Chief of Legislative Affairs**

Chief of Legislative Affairs will act as the central point of contact for all congressional requests for TIG or USAAA reports according to AR 1-20, receive all reports provided by GAO for review from TIG, and coordinate directly with GAO, as needed.

#### **1-16. Audit focal points**

Audit focal points will—

*a.* Serve as point of contact for all USAAA, IG DOD, GAO, and commercial audit matters.

*b.* Receive audit and IR reports pertaining to their commands or agencies; distribute reports to appropriate offices for action or comment; monitor the preparation of command replies to ensure that they are responsive and timely; and see that the appropriate management officials are informed of all significant, sensitive, or potentially adverse FARs.

*c.* Maintain a followup system in accordance with chapter 5.

*d.* Submit feeder reports for the semiannual Followup Status Report in accordance with chapter 6.

*e.* Cooperate fully with audit agency representatives and provide liaison and administrative support as required

## **Chapter 2 U.S. Army Audit Agency and Commercial Audits**

### **Section I Coverage**

#### **2-1. U.S. Army Adult Agency audits**

USAAA conducts the internal audit program within DA in accordance with AR 36-5. Formal audit reports are issued with FARs addressed to Army commands or HQDA principal officials. The auditor's estimates of monetary benefits, and an explanation of how they were computed, are provided on a USAAA Statement of Potential Monetary and Other Benefits. USAAA does not report potential monetary benefits of less than \$50,000 for a finding. USAAA audit reports and the USAAA Statement of Potential Monetary and Other Benefits are transmitted separately by USAAA to MACOMs, PEOs, or HQDA principal officials to whom FARs are addressed to initiate the official command reply process. Copies of the audit reports are also furnished to action commands, IR offices supporting PMs and PEOs, TIG, and HQDA principal officials who are the functional proponents or have an interest in the subject matter.

#### **2-2. Commercial audits**

Independent public accountants or firms may audit a stipulated portion of the audits of nonappropriated funds and related activities. Office of the Deputy Chief of Staff for Personnel, Family Support Center, schedules and coordinates the contracting of these audits. Approval from the Auditor General must be obtained to contract the performance of internal audits under any other circumstances. Formal reports are issued by the independent public accountants or firms performing the commercial audits.

#### **2-3. Access to and release of records and reports**

Commanders and HQDA principal officials will make pertinent records and documents available for examination by auditors. Detailed guidance for internal audits is in AR 36-5. Classified records and documents will be released under the provisions of AR 380-5 for review by auditors having authorized security clearances and a need to know. Access to IG reports and documents will be controlled under AR 20-1.

### **Section II Command Reply Process**

#### **2-4. Responses to audit reports**

*a.* The command reply process enables the audited activity, higher commands, and HQDA principal officials to present their positions on FARs and potential monetary benefits and provides procedures to decide disagreements on audit reports. A command reply is not required if a report does not include FARs.

*b.* Command replies must explicitly concur or nonconcur with each FAR and potential monetary benefit. For USAAA audits, command comments on the tentative FARs and potential monetary benefits are furnished the auditors in accordance with AR 36-5. USAAA normally includes a summary of these comments following each recommendation in the final audit report, but the comments do not constitute the official command position because they have not been coordinated and approved by HQDA. Therefore, after receipt of the final audit report, each commander or head of a HQDA principal official to whom a FAR is addressed must submit an official command reply either confirming the accuracy of the command position summarized in the audit report or providing additional information according to paragraph 2-5.

*c.* Any differences between managers and USAAA auditors should be resolved, if possible, during the course of the audit according to AR 36-5. Monetary benefits computations are disclosed in tentative FARs and draft USAAA Statements of Potential Monetary and Other Benefits during the audit. USAAA will furnish, upon request, more detailed information on how estimated potential monetary benefits were computed. The command position on FARs, potential monetary benefits, and completion or target completion



dates should be provided to the auditors in response to the tentative FARs. When corrective actions cannot be completed within 12 months, the reason for needing more time will be justified. The command position will explain computations of any alternative amounts of potential monetary benefits. Command will also furnish, upon request, more detailed information on how alternative amounts of potential monetary benefits were completed. Resolution of differences during the audit and inclusion of required information in the final report will reduce the amount of detail required in official command replies.

d. If a command agrees to a recommendation or potential monetary benefit, corrective action will be initiated promptly. If a command disagrees with a recommendation or potential monetary benefit, the normal command decision process will be used to determine the action to be taken. Preemptive actions, such as proceeding with activities questioned in undecided audit reports, will be avoided by commanders and managers at all levels of the Army. However, if a commander or manager believes that it is in the best interest of the Army to proceed with the activities questioned, the Auditor General shall receive notification in writing, at least 5 working days prior to initiating actions in the area questioned. This will provide the Auditor General the opportunity to raise the undecided issue to the USofA or VCSA for immediate decision. If the decision process set forth in paragraph 2-8 subsequently establishes a DA position that differs from the command position, the command will take action necessary to conform to the DA position.

## 2-5. Procedures

a. An official command reply will be prepared by each commander or head of HQDA principal official to whom a FAR is addressed in the final audit report. Command replies to USAAA audits will be forwarded through command channels, to reach HQDA (SAIG-PA), WASH DC 20310-1734, within 60 days of the date of the audit report.

(1) PEOs and PMs will submit their replies through the responsible PEO and HQDA principal official (normally ASA(RDA) at HQDA (SARD-DE), WASH DC 20310-0103, or the Director of Information Systems for Command, Control, Communications, and Computers (DISC4) at HQDA (SAIS-PS), WASH DC 20310-0107), within 45 days so as to reach TIG (SAIG-PA) within the time indicated above. USAAA will task the PEO for the reply. The PEO should provide HQDA (SAIG-PA), WASH DC 20310-1734, an information copy of its official reply when it is forwarded to the HQDA principal official.

(2) Because of statutory requirements, every effort must be made to meet suspense dates.

(3) Command replies to commercial audits of nonappropriated fund activities will be forwarded through command channels to reach HQDA (DAPE-ZXP), WASH DC 20310-0300, within 60 days of the date of the audit report.

(4) Disagreements must be decided within 6 months from the date of the final report.

b. Each succeeding level of command will review for responsiveness and endorse the command reply stating either concurrence or a revised position.

c. The following guidance is keyed to command replies to USAAA audit reports. The guidance is summarized at figure 2-1. Focal points should consider providing figure 2-1, or a local version, to responsible management officials to assist in preparing replies. Although the format, content, and distribution of commercial audits are different from USAAA audits, the command replies should conform, as much as possible, to those for USAAA reports.

d. Those FARs and potential monetary benefits that are fully concurred with, and for which the official command position is accurately reflected in the audit report and accepted by USAAA, need only be indicated in the command reply with a statement confirming that fact (with the exception of repeat findings, as noted in para 2-5e). The status of corrective actions will be updated according to paragraph 2-5d(1) for all replies.

(1) In order to simply confirm the command position, concurrences stated in the audit report must describe corrective actions taken or planned, give completion dates for actions already taken, provide target dates for completion of planned actions, justify any actions that will take more than 12 months to complete, provide target dates for major segments of plans taking more than 12 months to complete, and agree with any estimated monetary benefits. Current completion or target completion dates will be provided on an enclosure. Applicable FARs should be listed by number, followed by dates under columns headed either "completed" or "target date" (for accountability, indicate nonconcurrences). The dates should be shown as YYMMDD; i.e., the last two digits of the calendar year, two digits for the month, and two digits for the day (an example of this command reply enclosure is at fig 2-2).

(2) If USAAA does not accept the command position submitted in response to tentative FARs and draft reports, USAAA comments will appear in the final audit report, identified as the "U.S. Army Audit Agency Evaluation." In such cases, the command position will be treated as a nonconcurrence. Likewise, if command disagrees with a recommendation but USAAA in its evaluation in the report clearly accepts the command actions, the command position will be treated as a concurrence.

e. Those FARs and potential monetary benefits that meet the following criteria must be fully addressed in the command reply, in the format set forth in paragraph 2-6.

(1) *Nonconcurrence with either the FAR or related potential monetary benefit.* This includes cases where USAAA objected to the command's position or proposed corrective actions in its evaluation of the command comments. The reason for nonconcurrence must be stated and justified in sufficient detail to allow a HQDA position to be established. If appropriate, alternative methods for accomplishing desired improvements will be proposed, to include applicable potential monetary benefits. Nonconcurrences with potential monetary benefits must be supported by detailed justification. The potential monetary benefits shown on the USAAA Statement of Potential Monetary and Other benefits are the auditor's estimates. The objective is to reach agreement on the reasonableness of such estimates during the audit. If the estimated monetary benefits are not considered reasonable, a revised estimate showing the method of computation will be submitted.

(2) *Change in previously stated position.* This includes cases where the command comments shown in the audit report do not fairly or adequately reflect the command's current position.

(3) *Repeat finding.* A statement must be included as to why the condition continued to exist and the current status of corrective action on the cited deficiency.

(4) *Other.* An audit report does not include command comments on FARs or potential monetary benefits.

f. Any reference to a serious incident in an audit report will be explained in the command reply unless the audit report indicates that a Serious Incident Report was submitted. The rationale for not submitting it should be provided.

g. Directives issued or studies prepared in response to audit recommendations will be identified but need not be submitted unless subsequently requested.

h. Audit reports receive attention at the highest levels of government and are used by Congress in the budget review process, particularly those reports that cite significant monetary benefits. DOD provides semiannual reports to Congress with lists of audit reports issued and synopses of significant audit findings and potential monetary benefits. Therefore, it is essential that a well documented position be presented concerning nonconcurrences with the reasonableness of potential monetary benefits.

i. When a nonconcurrence or repeat finding is involved, the command reply and forwarding endorsements will be signed by the Commander, Deputy Commander, or Chief of Staff. When such a FAR is addressed to the head of a HQDA principal official, signature authority may be delegated to the deputy head of the HQDA principal official.

## 2-6. Format

The format for FARs that require a full explanation in the command reply, under paragraph 2-5e, is prescribed below (an example of this command reply enclosure is at fig 2-3).

a. *Heading.* For USAAA audits, identify the audit report number, finding designator (alpha), and title of the finding. For commercial reports the identification will be as nearly as possible in the same format.

b. *Finding.* The complete finding paragraph in the audit report may be used although a brief statement of the finding is sufficient.

c. *Additional facts.* Include any pertinent information that was not included in the audit report or is necessary to respond to the USAAA evaluation. If the FAR is identified as a repeat condition, this paragraph will be used to explain why the condition continued to exist.

d. *Recommendation and action taken.* Copy each applicable recommendation verbatim to include the same FAR alpha and/or numeric identification as used in the audit report. An action taken statement will immediately follow each recommendation. State whether the command concurs or nonconcurs. If the official command reply changes the command's position as shown in the audit report, so state. The statement of action taken or planned should be complete and not dependent on previous comments in the audit report. Applicable completion or target completion dates must be included. The reasons for nonconcurrences must be stated and justified in sufficient detail to allow a HQDA position to be established.

e. *Potential monetary benefits.* Explicit concurrence or nonconcurrence with the reasonableness of the auditor's estimates of monetary benefits is required. Revised estimates will be included if applicable. Nonconcurrences and revised estimates will be justified in sufficient detail to allow a HQDA position to be established.

## 2-7. Command evaluation

Army commands will evaluate replies to audit reports by subordinate organizations and, when needed, provide necessary assistance. Target dates for completing agreed upon actions will be analyzed. When the action taken statement is not considered adequate or responsive to a specific recommendation, higher levels of commands will direct appropriate actions by subordinate commands and so indicate in their endorsement. When higher levels of command overrule the subordinate command position, their endorsement will contain sufficient detail to meet the requirements of paragraphs 2-5 and 2-6.

## 2-8. Processing command replies within HQDA

a. *Processing of command replies without disagreements.* TIG will furnish copies of command replies that concur fully with all FARs and monetary benefits to USAAA and appropriate HQDA principal officials for review. A response is required only when USAAA or HQDA principal official disagrees with the reply. Such responses must be furnished to TIG (SAIG-PA) within 30 days of the date of the TIG transmittal and will be processed as a nonconcurrence in accordance with paragraph 2-8b. Pertinent information that may be used to resolve the disagreement and formulate a DA position must be provided. If no response is received from USAAA or the HQDA principal official within 30 days, the command reply process will be automatically completed.

b. *Deciding disagreements between commands or HQDA principal officials and USAAA.*

(1) When disagreement exists between the command or HQDA principal official and USAAA on FARs or monetary benefits, TIG will staff the command replies and comments with USAAA and the appropriate HQDA principal officials. The USAAA and HQDA principal officials' replies to TIG will specifically address the disagreement and, when appropriate, provide comments on other portions of the command reply that are considered inadequate. Pertinent information that may be used to resolve the disagreement and formulate a DA position must be provided. The issue is considered decided when USAAA accepts the command or HQDA principal official position, or when HQDA principal officials support the

USAAA position rather than the command's nonconcurrence. For the latter, HQDA principal official comments should provide any guidance that needs to be furnished to the command. Before responding, the HQDA principal official and USAAA are encouraged to discuss their positions to help resolve the disagreements.

(2) TIG will mediate disagreements that cannot be resolved during the staffing process and, when necessary, elevate disagreements for decision by the VCSA or Under Secretary of the Army. The decision will be a matter of written record.

(3) The documentation culminating in resolution of disagreements constitutes the final DA position and must be signed by USAAA and appropriate HQDA principal official or command officials.

c. *Deciding disagreements pertaining to commercial audits.* Commercial audit reports are considered decided once they are approved by the requesting commander. U.S. Army Community and Family Support Center may provide additional guidance or instructions to the audited activities after reviewing the command replies for commercial audits of nonappropriated fund activities.

d. *Notification of DA position.*

(1) The command reply process culminates with determination of a DA position on the corrective action to be taken on each FAR.

(2) For those audit reports where the command reply indicated complete concurrence with both recommendations and monetary benefits, the command or agency will assume that it also constitutes the DA position unless notified otherwise within six months following the date of the audit report.

(3) In those cases where management disagreed with USAAA audit FARs or monetary benefits, correspondence will be prepared by TIG advising the MACOM or agency and appropriate HQDA principal officials of the final DA position resulting from the decision process. The correspondence may also provide guidance and information, as required, for further action. Such correspondence represents formal tasking to implement any necessary corrective action. The MACOM will advise subordinate action commands of the final DA position.

## 2-9. Release of records outside the Army

Documents related to the official command reply process are used to formulate the Army position on the USAAA report. Except for the official Army Position Statement, the documents do not necessarily represent the Army position and are not to be released outside the Army except by TIG (SAIG-ZXR). All requests for release of the documents outside the Army will be referred to TIG (SAIG-ZXR), WASH DC 20310-1700.

## 2-10. Processing time sensitive reports

a. Time sensitive reports address potentially adverse significant or sensitive situations that can be stopped, alleviated, or prevented by taking specific action either immediately or by a specified imminent date before the normal reporting and decision processes can be completed. For purposes of this paragraph, significant and sensitive situations include:

(1) Unnecessary or wasteful expenditures of more than \$1 million.

(2) Determinations that combat readiness or program or mission accomplishment is or may be seriously impaired.

(3) Serious incidents, as defined by AR 190-40, involving abuse, illegal activity, or statutory violations.

(4) Issues having political, public affairs, or media interest that could cause embarrassment to DA.

(5) Situations having a significant effect on safety, health, or security.

b. Command replies to draft time sensitive recommendations will be prepared in accordance with AR 36-5. If the audited activity does not agree with a time sensitive recommendation as initially staffed or upon change, or agrees but does not take corrective action, USAAA will evaluate the command position, and, where appropriate, elevate the undecided issues through the chain of command to appropriate HQDA principal official level, for decision and action. If agreement cannot be obtained at the HQDA principal

official level, USAAA will expeditiously issue a final report that will include the HQDA principal official position.

c. Time sensitive reports will be processed as follows. USAAA will issue the report in time to allow at least 30 days for decision. The report will be provided simultaneously to the action commands, HQDA principal officials having interest in the disputed area, and to TIG (SAIG-PA). Because the report will contain the command and appropriate HQDA principal official positions, the normal official command reply prescribed by paragraph 2-5 is not required. The transmittal to TIG requesting early decision will explain the time urgency and be signed by the Auditor General or Deputy Auditor General. It will also include a copy of the command and HQDA

principal official positions. TIG will mediate the disagreement and, if necessary, forward disputed issues to the VCSA or USofA for decision. Correspondence will be prepared by TIG advising the MACOM or agency and appropriate HQDA principal officials of the final DA position according to paragraph 2-8d(3).

d. USAAA may elevate issues directly to the VCSA or USofA if there is not sufficient time for the normal or time sensitive report procedures.

e. Commanders and managers will avoid preemptive actions on undecided reports according to paragraph 2-4d.

f. Time sensitive reports will be treated the same as other final reports for semiannual Followup Status and Inspector General Report purposes.

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### **Preparation of Command Reply to USAAA Audit Reports**

1. Your reply is to either confirm the accuracy of the command position summarized in the report or provide additional information.

a. When the report shows the correct command position on recommendations and potential monetary benefits (Command Comments) and the position is accepted by USAAA (no U.S. Army Audit Evaluation), your reply need only consist of a memorandum confirming the accuracy of the report and the command comments.

b. When the report does not show the correct command position, or when one of the following conditions exist, you should prepare a reply in the format at figure 2-3.

(1) Nonconcurrence. State and justify in detail the reason for nonconcurrence. If you plan to correct the finding in a different manner, address the alternative actions, how the actions accomplish the desired improvements, and any estimate of potential monetary benefits. Revised monetary benefits should include the total estimated benefits and how they were derived.

(2) U.S. Army Audit Agency Evaluation. If USAAA does not accept the previous command positions, USAAA comments will appear in the report as the U.S. Army Audit Agency Evaluation. In such cases, treat the Command Comments as a nonconcurrence. (If the Command Comments state disagreement but the USAAA Evaluation clearly accepts the command actions, treat the Command Comments as a concurrence.)

(3) Change in Previously Stated Position. When the Command Comments shown in the report do not fairly or adequately reflect the current command position, provide the command position.

(4) Repeat Finding. Include a statement as to why the finding continued to exist since last reported, and the current status of corrective action on the finding.

(5) No Command Comments. When the report does not include Command Comments on the findings and recommendations or potential monetary benefits, provide the command position.

2. Your reply or the report should show (i) explicit concurrences or nonconcurrences with the report recommendations and estimates of potential monetary benefits, (ii) completion dates for corrective actions already taken and target dates for planned actions, and (iii) justification and interim target dates for major segments of plans that cannot be completed within 12 months. To ensure completion and target dates for all recommendations, provide the dates in the format at figure 2-2.

3. Your reply should be signed by the commander, deputy commander, or chief of staff if it involves nonconcurrences or repeat findings.

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**Figure 2-1. Example of guidance that can be given to personnel tasked to provide a command reply to a USAAA audit report**

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**COMMAND REPLY****USAAA Report NE 91-XXX, Completion and Target Completion Dates**

FAR	Completed	Target Date	Remarks
A-1	900925		
A-2		910215	
B-1		910131	
B-2		910131	
B-3	900830		
C-1		910430	
D-1	901030		
D-2	901030		
D-3			Nonconcur

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**Figure 2-2. Example of a command reply enclosure providing completion and target completion dates**

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**COMMAND REPLY****USAAA Report WE 91-XXX, FAR D—Contractor Use of Government Vehicles**

*Finding.* The contractor was provided government vehicles to transport contractor employees from their domicile to place of employment on a daily basis. The annual cost of operating these vehicles was about \$82,500. This situation resulted in a significant morale problem among DA civilian and military personnel who were not given the same transportation support, and the issue could become an embarrassment to the Army.

*Additional Facts.* Disagree with specific statements and the implications of the finding. The following comments are submitted for accuracy and objectivity (state any comments):

*Recommendation D-1.* Take necessary action to immediately stop contractor employees from using government vehicles for domicile to place of employment and return transportation on a daily basis.

*Action Taken.* Concur. Contract was modified on 30 October 1990 to delete the use of General Services Administration (GSA) vehicles to provide domicile-to-work transportation for contractor employees. This direction should alleviate the morale problem noted in the finding. Transportation is now being provided under the contract via the use of contractor leased vehicles.

*Potential Monetary Benefits.* Nonconcur. The FAR indicates that the savings to the Government for not using the GSA vehicles would have been \$82,500 (the billing by GSA for use of 17 vans for a 1-year period).

This potential cost savings/cost avoidance is not representative of the options available to the Government when the contract was negotiated for the reasons discussed below.

The worksite in question is located at (location) and it is within the terms of the employment contracts between the contractor and its employees to provide domicile to worksite transportation.

The provisions for mileage payments to the contractor are pursuant to Defense Acquisition Regulation 15-205.6, which provides that the costs of fringe benefits are allowable to the extent they are required by law, employee/employer agreement, or an established policy of the contractor. The provision of domicile to worksite transportation was a part of an employee/employer agreement and an established company policy.

As a result, in determining how the domicile to worksite transportation is to be provided, the government had three alternatives from which to choose. These alternatives are discussed briefly below:

*Alternative 1.* Pay for the transportation costs by increasing wages to the contractor's employees to reflect the \$.20 per mile reimbursement. It is estimated that this alternative would result in increased burdened labor costs of approximately \$489,800 annually.

*Alternative 2.* Pay for transportation costs through the use of vehicles from commercial sources. This alternative would result in an annual cost of approximately \$168,700.

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**Figure 2-3. Example of a command reply enclosure on a FAR that requires full explanation**

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*Alternative 3.* Providing the use of GSA vehicles to the contractor's employees. This alternative represents an annual cost of approximately \$82,500.

The least costly method of providing the required transportation was Alternative 3 (providing the use of GSA vehicles). However, in accordance with major command direction, the provision of GSA vehicles is no longer feasible for reasons other than cost.

Therefore, the required transportation is now being provided under Alternative 2. Consequently, no savings will be realized.

**Figure 2-3. Example of a command reply enclosure on a FAR that requires full explanation--continued**

## **Chapter 3**

### **Inspector General, Department of Defense (IG DOD) Audits**

#### **Section I**

##### **Authority and Use**

##### **3-1. Inspector General, DOD**

Public Law 95-452, Inspector General Act of 1978, as amended, establishes the position of the IG DOD and the Office of the Inspector General (OIG) in the Department of Defense. The IG DOD is a civilian appointed by the President, with the advice and consent of the Senate. The OIG is an independent and objective office, and it has the following responsibilities:

- a.* Conducts, supervises, monitors, and initiates audits, inspections, and investigations relating to programs and operations of the DOD.
- b.* Provides policy direction for and conducts, supervises, or coordinates activities within DOD which promote economy and efficiency and prevent waste, fraud, and abuse.
- c.* Keeps the Secretary of Defense and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations.

##### **3-2. Office of the Assistant Inspector General for Auditing (OAIG(A))**

The Assistant Inspector General for Auditing is appointed by the IG DOD to supervise the performance of auditing activities relating to programs and operations of the DOD.

##### **3-3. Types of audits**

Audits of Army programs and operations by the IG DOD include:

- a.* Audits involving the Army and other DOD components.
- b.* Quick response audits on matters of special interest to the Secretary of Defense.
- c.* Audits of the entire procurement process including evaluating performance of contractors and DOD contracting officials.
- d.* Audits relating to fraud, waste, and abuse and program effectiveness.
- e.* Other appropriate audits.

#### **Section II**

##### **Conduct of IG DOD Audits**

##### **3-4. Notification of audits**

The IG DOD issues a plan of audits, inspections and investigations for each fiscal year. This plan is distributed to HQDA and affected MACOMs. IG DOD audits are normally announced by memorandum. As the Army central point of contact for IG DOD audits, TIG formally advises commands, installations, or activities to be audited. TIG (SAIG-PA) should be promptly notified through command channels of any unannounced visit or contact by IG DOD auditors. These notifications will include—

- a.* Title and objective of the audit.
- b.* IG DOD project number.
- c.* Date of visit.
- d.* If IG DOD representatives cannot provide the IG DOD project

number, they should be referred to TIG (SAIG-PA) to determine the purpose of the visit or call.

##### **3-5. Audit coordination**

*a.* Following formal announcement, IG DOD normally coordinates the specific audit itinerary directly with the designated audit focal point at the organization to be audited. This coordination may be accomplished by letter or by telephone. The MACOM audit focal point should be advised when coordination by IG DOD is by telephone. All IG DOD audits of National Guard units and activities will be coordinated with the Chief, National Guard Bureau (NGB-IR)

*b.* The audit focal point at the organization to be audited should arrange for an IG DOD auditor entrance conference with the commander or designated representative before the audit begins. An exit conference should be scheduled so that the commander is informed of the audit findings.

##### **3-6. Access to and release of records and reports**

*a.* Except as specifically denied in writing by the Secretary of Defense, no military or civilian member of the Army may deny a member of the OIG, DOD access to information or prevent an audit. Requested documents and records, relating to matters under an authorized audit, inspection, investigation, followup, or oversight project by the IG DOD, will immediately be made available, or objections requiring action by the Secretary of Defense regarding the release will be submitted in writing to HQDA (SAIG-PA), WASH DC 20310-1734, within 5 days from date of request.

*b.* When the information requested is restricted from release, IG DOD auditors will be referred to the agency imposing the restriction to obtain the information. Classified material will be properly marked and released in accordance with AR 380-5. Procedures governing access to or release of Army Inspector General documents are in AR 20-1, paragraph 3-5.

*c.* All questions regarding access to information by OIG, DOD personnel will be referred to HQDA (SAIG-PA).

#### **Section III**

##### **Action on IG DOD Reports**

##### **3-7. Reporting methods**

OAIG(A) reporting methods may vary by types of audit performed and management levels concerned with the results. Specific reporting procedures used for an audit are designed to ensure timely reporting while allowing all involved management levels to comment on the report contents. FARs will normally be disclosed at exit conferences. Auditors should be informed of misstatements of facts or improper conclusions at anytime.

##### **3-8. Replies to reports**

*a.* Draft reports are preliminary reports providing FARs to the Army for review and comment before distribution of the final report. TIG forwards the draft report to the HQDA principal official having primary interest, with a request to prepare the response, if appropriate. Responses should indicate either concurrence or non-concurrence with each FAR. If there is a concurrence, the action agency will furnish a description of the corrective action taken or planned, with actual or target dates for completion. If there is a

nonconcurrence, the reason will be stated. Alternate methods for accomplishing desired improvements may be proposed. When monetary benefits are included, the response will include specific concurrence or nonconcurrence with the reasonableness of the amount of the savings. If there is a nonconcurrence, a revised estimate of savings, along with justification, must be provided.

*b.* The HQDA principal official agency with primary interest is responsible for obtaining necessary information from other DA elements. Requests for input from MACOMs will be forwarded promptly to the MACOM's IG DOD audit focal point. Staff elements assigned action on draft audit reports will coordinate the response with the designated Assistant Secretary of the Army, and other interested HQDA principal officials. The reply will be forwarded to OAI(A) through the Chief of Staff, Army (CSA) and designated Assistant Secretary of the Army within 60 days after the date the audit report is issued. An exception to this is the quick reaction report, which has a shorter time limit for response. Management responses will be made within the timeframe specified to allow elevation of disputed issues to higher authorities if necessary, before the impending adverse occurrence identified by the auditors can take place. A copy of the reply will be furnished TIG (SAIG-PA).

*c.* If a draft report is received directly by a MACOM or other Army element for comment, that Army element will notify TIG (SAIG-PA) immediately. This does not apply to working drafts issued to the audited command.

*d.* Final reports formalize audit results and include the Army position based on the response to the draft report. TIG forwards the final report to the appropriate HQDA principal official for reply, and processing is the same as for the draft reports as shown in paragraphs 3-8*a*, *b*, and *c* above. In the case of OIG final audit reports which cannot be resolved, the auditors will refer the issue to the Assistant Inspector General for Analysis and Followup, who will attempt to mediate the matter between the auditors and Army representatives. If opposing positions cannot be reconciled, the IG DOD will refer the issue to the Deputy Secretary of Defense for decision. The decision on contested issues shall be a matter of record.

## **Chapter 4**

### **U.S. General Accounting Office (GAO) Audits**

#### **Section I**

#### **Authority and Use**

##### **4-1. GAO authority**

*a.* Created by the Budget and Accounting Act of 1921, GAO is an agency of the Congress and a part of the legislative branch of the Federal Government. GAO functions were expanded and redefined by the Budget, Accounting, and Procedures Act of 1950, the Legislative Reorganization Act of 1970, the Congressional Budget and Impoundment Control Act of 1974, and the General Accounting Office Acts of 1974 and 1980. These acts, and other provisions of the law, authorize the Comptroller General, with certain exceptions, to examine or review the management, programs, activities, and financial operations of the Federal Government.

*b.* Existing statutes give the GAO broad authority to conduct audits and investigations of the Federal executive departments and agencies. As an agent of the Congress, the Comptroller General may—

(1) Examine how government agencies discharge their financial responsibilities concerning appropriated and other funds made available by the Congress.

(2) Recommend actions leading to greater efficiency in public expenditures.

##### **4-2. Use of GAO reports**

*a.* The GAO furnishes reports to the Congress for use in evaluating the management of resources made available to the DA.

*b.* Army witnesses appearing before congressional committees should be prepared to respond concerning actions taken on GAO reports. If the DOD response has not been authorized, the witness will state that the DOD response is not yet available. Written comments or statements or reviews or proposed actions will not be submitted directly by DA to a congressional committee until the proposed statement and comments have been approved within Office of the Secretary of Defense (OSD).

##### **4-3. Safeguarding tentative findings and draft reports**

Tentative findings and draft reports of the GAO are made available to DA for review and comment and remain the property of GAO. They are subject to revision. Safeguards must be established to prevent any premature or unauthorized release, disclosure, or use of these findings and report to anyone outside the DOD.

#### **Section II**

#### **Access to and Release of Records and Reports**

##### **4-4. Statutory authority**

*a.* Section 313 of the Budget and Accounting Act of 1921, as amended (section 716, Title 31, U.S. Code), provides that "Each agency shall give the Comptroller General information the Comptroller General requires about the duties, powers, activities, organization, and financial transactions of the agency. The Comptroller General may inspect an agency record to get the information."

*b.* The General Accounting Office Act of 1980 provides the Comptroller General with judicial enforcement authority for obtaining access to Federal and non-Federal records and information. The act enables GAO to seek an order in the U.S. District Court for the District of Columbia to compel a department to produce material withheld from GAO. The act also authorizes GAO to seek the enforcement of subpoenas against non-Federal parties such as contractors, subcontractors, grantees, or other recipients of Federal assistance for those materials and documents to which GAO has access by law or agreement with the non-Federal party. This authority was provided to counteract the difficulty GAO had encountered in obtaining information from executive branch agencies and other organizations.

*c.* Section 301 of the General Accounting Office Act of 1974 (section 3535, Title 31, U.S. Code) extends GAO authority to non-appropriated fund activities.

##### **4-5. Release of information**

*a.* Information provided GAO must be factual, accurate, and representative of the situation being assessed. The procedures that follow must not delay the progress of an audit. They are established to further the accuracy and validity of the final report to the Congress.

*b.* The commander or head of the office having custody of the requested information may grant access to GAO representatives without reference to other authority. Access includes providing copies of documents and extracts, or permitting on-site review of information without removing documents. Requests for access may be verbal requests from GAO representatives conducting an authorized review, written requests from heads of GAO field offices or headquarters officials, or formal requests from the Comptroller General as discussed in paragraph 4-4*b*. Normally, verbal requests for information will be honored; however, GAO may be asked to submit a written request if the requirement is unclear or if substantial doubt exists concerning access according to paragraph 4-5*c*. If it appears that requested documents may be subject to misunderstandings or are incomplete, inaccurate, or ambiguous, clarification will be provided or other action taken to improve the validity of information. Classified or sensitive documents originated in other activities may require coordination with the originator prior to release by the present custodian. Prior to releasing documents to GAO, commanders and heads of agencies should determine that GAO representatives have appropriate security clearances, that requested documents are connected with, and within the scope of the announced survey.

*c.* If substantial doubt exists concerning access, the commander having custody will refer the request, through channels, with a

recommendation to the major commander. If the major commander does not grant access, the request will be promptly forwarded with a recommendation to the appropriate HQDA principal official for decision. Before formal referral, the local commander is encouraged to discuss the situation with the major commander and, if necessary, the appropriate HQDA principal official to resolve the matter. The local commander will keep the GAO informed of the status of the request throughout the referral process. A commander or head of an office will not deny a request from a GAO representative. A final Army decision denying information to GAO may only be made by the Secretary of the Army. TIG (SAIG-PA) and Chief of Legislative Liaison (SALL-IL) will be consulted prior to any proposed recommendation for denial of access by HQDA principal officials.

d. Normally, GAO representatives will work with information where it is maintained, making notes or extracts. Extra copies of documents, papers, or records may be furnished. Ordinarily, reproduction of documents, papers, or records will not be requested; however, documents may be reproduced and furnished if this would cost less than to make extracts of the information from them.

e. GAO requests for information are normally directed toward established and formatted documents. If a request is made to modify a format or to develop additional information that would require more time, the requestor should be advised of this and asked to reexamine the requirement. If agreement cannot be reached at the local level, it should be referred to TIG (SAIG-PA).

f. Information in the following special cases will be released to GAO only as described:

(1) USAAA reports concerning a military command, installation, or activity may not be released outside the DA until 60 days after the audit report has been issued. After the 60-day period has expired, GAO or members of Congress may obtain copies of USAAA reports by submitting a request to the Chief of Legislative Liaison or USAAA. USAAA will forward such reports with DA position statement indicating that the report is provided for individuals with official need to know, that further dissemination is prohibited, and that other individuals who request the report should contact USAAA directly. HQDA will provide a DA position statement to GAO along with the report.

(2) Memorandums for record, tapes, and transcripts of informal discussions not representing an official position will not ordinarily be made available. A summary or extract may be prepared including all pertinent facts, decisions, and/or policies relative to the GAO review.

(3) Budgetary material, selected program acquisition data, and total outyear fiscal projections may not be released to the GAO until after submission to the Congress by the President, normally in January of each year. Budget material includes all information in the budget documents submitted and the support justification books. However, outyear data contained in Selected Major Weapon System Acquisition Reports (RCS: DD COMP(Q)823), which has been furnished to Congress, may be released before the President's budget submission.

(4) Requests for Program Objective Memorandums, Budget Estimate Submissions, and Program Decision Memorandums will be referred directly to the Office of the Assistant Secretary of Defense (Director, Program, Analysis, and Evaluations) (OASD(PA&E)). These reports are controlled by the OSD and may only be released at that level.

(5) Requests for Five-Year Defense Plan (FYDP) information, including outyear data on "non-selected Major Weapon System acquisition report" programs and program budget decisions, will be referred directly to the Comptroller of the Department of Defense for release.

(6) Management surveys, studies, or reports will normally be made available to GAO by the commander who directed preparation. A statement of the command position on the contents of the document should accompany release of the document.

(7) Requests for information concerning operational or support plans/data involving Joint Service participation will be referred to the Office of the Joint Chiefs of Staff.

(8) Reports of non-DA agencies will be released for retention only with the written consent of the originating agency. Normally, the GAO obtains these documents from their originators.

(9) IG records and reports, or any statements of fact from or based on such records or reports, will not be released or reviewed without the approval of TIG. To ensure timeliness, all requests will be telephoned through successive levels of IGs to TIG (SAIG-ZXR). Each IG will obtain the command or agency recommendation before referral of the request. All requests will include the GAO job assignment number and an adequate description of the information for which access or release is requested. A summary of the information to which access has been granted and copies of any released documents will be submitted through successive levels of command to TIG (SAIG-ZXR) the next workday.

(10) Reports of criminal investigation organizations may be released only as provided for in AR 25-55 and AR 340-21.

(11) Requests for the following types of information will be promptly forwarded through channels to the appropriate HQDA principal official having functional proponentcy.

(a) TOP SECRET information.

(b) Other information considered highly sensitive and for which a "need-to-know" restriction exists (for example, special access programs).

(c) Documents (other than published manuals and regulations) related to the operational planning or conduct of military operations, war plans, force deployments, or intelligence collections and analyses. Plans involving Joint Service participation will be referred as indicated in (7) above.

#### **4-6. Certification of personnel security clearances**

a. The Comptroller General has a security system equal to that prescribed in Executive Order 12356. (See AR 380-5.) The system holds each employee who receives classified information personally responsible for its safeguarding. The Comptroller General has agreed to obtain the approval from the Military Department knowledgeable in the matter under consideration before distributing classified information outside the GAO.

b. The security clearance granted by the GAO to its representatives is certified in writing directly to the Army organization or installation being visited, with a copy to TIG (SAIG-PA). GAO directors, including deputy, associate, and assistant directors, regional managers, and directors of oversea branches, are authorized to certify clearances.

c. Official GAO credential cards held by auditors will be presented for identification purposes. Each card has a serial number, photograph, and signature of the person.

### **Section III Conduct of GAO Audits**

#### **4-7. Coordination of GAO matters**

An audit focal point will be established by each command, installation and HQDA principal official for coordination of all GAO audit matters. The focal point will be familiar with Army policies and procedures concerning relationships with the GAO, provide staff advice and assistance, maintain related files, and conduct entrance and exit conferences. In addition, the focal point will assign a project officer for each specific GAO audit with the responsibility for—

a. Arranging contacts with personnel familiar with matters being audited.

b. Arranging for the release of documents requested by GAO and maintaining a record of these documents.

c. Complying with reporting requirements prescribed in section IV of this chapter.

d. Monitoring corrective actions taken by command on deficiencies and monetary benefits identified.

#### **4-8. Notice of audit**

a. By agreement, GAO normally advises DOD of its intent to conduct a survey or review by issuing a letter notice to the Secretary

of Defense. The notice sets forth the primary area of interest, the audit scope, and GAO's 6-digit job assignment code. This information will be distributed by TIG (SAIG-PA), through channels, to appropriate activities. Occasionally, a GAO field office may advise installation commanders directly of visits by its representatives. GAO representatives may occasionally arrive unannounced. TIG (SAIG-PA) must be notified through command channels of unannounced audits. These notifications will include:

- (1) Title and scope of the audit.
- (2) GAO job assignment code.
- (3) Date of visit.

(4) If GAO representatives cannot provide the GAO job assignment code, they should be referred to TIG (SAIG-PA) to determine the purpose of the GAO visit or call before being permitted to perform any audit work.

b. Occasionally GAO and DA representatives hold significant discussions at HQDA involving new surveys or findings on surveys already in progress. TIG (SAIG-PA) should be notified either orally or in writing of principal matters discussed when a TIG representative is not present.

#### **4-9. Conduct of audit**

GAO representatives will be given complete cooperation and assistance during the audit. Auditors will normally disclose findings as developed during the audit. Command representatives must be alert to any major audit findings revealed for reporting or correction. They should try to correct misunderstandings or misinterpretations as well as factual errors. Action should be taken promptly to correct deficient or unsatisfactory conditions.

#### **4-10. Exit conference**

GAO representatives will usually hold an exit conference. The commander or designated command representative should attend. At this conference, audit findings may be presented verbally or in writing. Differences should be identified and an effort made to resolve remaining misunderstandings or disagreements during the conference. An objective view is essential. The commander should concur or nonconcur only with the findings that apply to matters within his or her area of responsibility. If the command agrees with a finding, necessary corrective action will begin promptly.

### **Section IV Reporting**

#### **4-11. Advance report of major findings**

a. An advance report of major findings is required as soon as the commander becomes aware of potentially adverse major findings during the course of the audit or at the exit conference. The possibility that a potentially adverse finding exists does not depend on receipt of a written finding by a commander. Regardless of the manner in which a commander becomes aware of such findings, an advance report is required. A finding is potentially adverse if it will result in embarrassment or concern to the DA and/or the DOD. Sensitivity of the subject matter, magnitude in terms of funds and/or quantities, congressional interest, or likelihood of the matters being reported by the news media should also be considered.

b. The advance report will identify the audit including the GAO assignment code. It should give a brief summary of the findings, conclusions, and actions planned or taken to correct the deficiencies and any other related information. When a Serious Incident Report is required under AR 190-40, it should be referred to in the advance report. The report will be forwarded by message to TIG (SAIG-PA) with simultaneous distribution to interested commands.

#### **4-12. Report of exit conference**

a. The term "exit conference" applies to any formal or informal discussion between GAO representatives and command at the completion of an audit. An exit conference report must be prepared by the commander if any significant findings or recommendations are to be included in a GAO report to the Secretary of the Army, the

Secretary of Defense, or Congress. The report will be submitted, through channels, to arrive at TIG (SAIG-PA) within 30 days of the exit conference. If for any reason the report is delayed, notify TIG (SAIG-PA) immediately by telephone.

b. The exit conference report will include:

- (1) Identification of the audit, including the GAO job assignment code.
- (2) Reference to any prior reporting.
- (3) Date of exit conference.
- (4) Summary of facts and GAO findings and conclusions.
- (5) Command position and action taken or planned with actual or target completion dates.

c. If additional information becomes available after the exit conference report has been sent, such information will also be forwarded to TIG (SAIG-PA) and copies furnished to interested commands.

#### **4-13. Command reporting on GAO reports**

a. GAO reports may result in criticism of the DA by Congress or the news media; therefore, prompt careful consideration of matters contained in these reports must be made. Replies to GAO draft and final reports are prepared by HQDA principal officials, often based upon information provided by commands. The replies must be designed to permit careful, timely consideration of GAO audit information to determine whether:

- (1) Findings are reasonable, accurate, or complete.
- (2) Conclusions are reasonable and valid.
- (3) Recommendations for improvements are appropriate.
- (4) Adequate corrective action has been planned or taken.
- (5) An accurate assessment of monetary benefits and status of recovery action has been provided.

b. All commands, installations, and agencies, when tasked by HQDA, will submit reports that include responses to the above issues, as well as specific concurrence or nonconcurrence with reasonableness of the potential monetary benefits contained in the FAR. A nonconcurrence will include a revised estimate of monetary benefits, along with justification. Each intermediate headquarters, in forwarding the reports, will indicate its approval of each of the listed actions already begun or completed as well as the reasonableness of the estimated monetary benefits.

c. HQDA principal officials developing the DA position may require clarification or additional information to fully respond to a GAO report. In such instances, the command concerned will promptly be asked to furnish this information. The position will also be coordinated with the appropriate secretariat and other interested Army staff elements.

#### **4-14. GAO reports**

a. GAO regional office letter reports are sometimes sent directly by GAO regional office managers to Army commanders. In such cases, commanders will reply directly to the GAO regional office. If the command receiving a letter report lacks the authority to take corrective action, the report should be sent through channels to the command that does have the authority to act. The command taking action will reply to the GAO regional office. A copy of the report and reply will be furnished TIG (SAIG-PA) with copies to intermediate headquarters. When only a letter report is issued, advance and exit conference reports are not required.

b. GAO draft and final reports are forwarded by the GAO to DOD requesting the reports be reviewed and comments furnished. These requests are usually addressed to the Secretary of Defense. Occasionally requests are addressed to other officials in OSD, to military departments, or to defense agencies. A report may involve more than one military department or defense agency or it may pertain to a single department. The OSD generally serves as the primary action office in either case and requires comments from all involved departments or agencies. In these instances, departments are designated collateral action offices and furnish their respective comments to the primary action office for assembling and forwarding to GAO. By law, DOD is required to respond to the GAO



within 30 days of the date of the letter transmitting the draft reports and within 60 days for the final reports.

(1) TIG acts as the central point for receiving, distributing and tasking HQDA principal officials to act on GAO reports and selected Comptroller General Decisions. TIG will provide information copies of reports and replies to other HQDA principal officials and MACOMs having an interest in the subject of the GAO report.

(2) When tasked by TIG, the HQDA principal officials will designate an action officer to monitor audits from initiation through completion, coordinate field visits, review and evaluate reports received from MACOM commanders, and develop a coordinated DA position and reply to GAO reports within established time schedules. The reply should reflect agreements or disagreements with the findings, conclusions, recommendations, and estimated monetary benefits, and indicate management actions which have or will be taken. HQDA principal officials assigned action on GAO reports will coordinate the response with the designated Assistant Secretary of the Army, and other interested HQDA principal officials. The reply will be forwarded to the primary action office through the CSA and designated Assistant Secretary of the Army. A copy of the reply will be furnished TIG (SAIG-PA).

(3) When time does not permit normal processing of GAO reports, OSD and GAO will convene a meeting to provide informal comments on the report. A premeeting will be held among Army, OSD, and IG DOD action officers several days before meeting with the GAO to develop a DOD position. Army action officers who attend these meetings will furnish copies of memorandums of record or other such correspondence of action taken to TIG (SAIG-PA) for information.

#### **4-15. Security review and mandatory declassification review of GAO documents**

The IG DOD is responsible for processing requests for security review or mandatory declassification review of GAO documents. The Army usually is identified as the collateral action office and as such is required to perform security classification and mandatory declassification reviews according to AR 380-5. Bracketed documents will be furnished the primary action office in the office of the Secretary of Defense for submission to GAO.

## **Chapter 5 Followup on Findings and Recommendations**

### **5-1. Guidelines**

*a.* Followup is the collective effort made to ensure that prompt, effective, and coordinated corrective action is taken to implement recommendations in USAAA, commercial, and GAO audits and IG DOD and IR reports and that controls are adequate to prevent the recurrence of deficiencies. Necessary records will be maintained and followup will be conducted on all agreed to or decided FARs.

*b.* Followup involves all levels of management. It may be accomplished by correspondence, record reviews, written reports, on-site visits, or subsequent audit. The type and extent of followup should be related to the significance of the finding, as defined in paragraph 1-4*i*. Preferably, followup on significant FARs should be conducted by on-site visits. As a minimum, significant FARs selected for on-site followup will be prioritized and scheduled as soon as practical after completion of corrective actions.

*c.* Commands and HQDA principal officials will establish followup systems to control, monitor, and report on corrective actions pertaining to audit and report recommendations. An effective followup system must provide a method for tracking implementation of corrective actions until fully completed, reporting the status of these actions (to include resulting monetary benefits) to higher management levels, verifying corrective actions, and periodically evaluating the adequacy and effectiveness of the overall system. Verification and evaluation may be made by correspondence if the correspondence provides reasonable assurance, considering significance, as to

the effectiveness of corrective actions. On-site verification of effectiveness of corrective actions may be required.

*d.* The responsibility for tracking and reporting on followup activities will be assigned to the audit focal point established under paragraph 1-16. At Army field activities this function will be done by IR.

*e.* IR will maintain a system for tracking implementation of corrective actions until fully completed. It will include a complete record of actions taken on report recommendations. Followup reviews will be scheduled on significant recommendations close to the target dates for completing corrective actions. The followup reviews will be performed within 120 days after the date of the audit report if the official command reply indicates that corrective action was taken on agreed to recommendations. The effectiveness of subordinate followup systems will be evaluated periodically. Followup reports will, as a minimum, include:

(1) An evaluation of the actions taken on implemented recommendations.

(2) An evaluation and current status of recommendations where implementing actions are not complete.

(3) Information, when applicable, on the agreed-to and the actual monetary benefits achieved.

*f.* Command and State IGs will perform audit followup functions according to AR 20-1.

*g.* USAAA procedures provide for verification of corrective actions when a subsequent audit is performed. If a special more timely followup audit is needed, USAAA may be requested to perform such an audit by command, the HQDA principal official, or TIG. USAAA may coordinate with TIG to obtain status information reported by management on these audit reports.

*h.* TIG personnel will visit HQDA principal officials, commands, and installations, on a selective basis to—

(1) Verify that effective corrective actions have been implemented.

(2) Determine the adequacy of followup.

(3) Determine the adequacy and documentation support of tracking system reports, to include command verification of actual monetary benefits achieved.

(4) Verify audit resolution and effectiveness of implementation of agreed upon audit recommendations is included in applicable officer evaluation support forms and civilian performance standards.

*i.* Visits will be coordinated with and a report will be furnished to the HQDA principal official or MACOM concerned. The report will include comments on the adequacy of the following system, support forms, and performance standards at the HQDA principal official or command. If there are unimplemented recommendations, a response will be required within 60 days. The response will not be used to meet the requirement for a supplemental reply under paragraph 5-2*g*.

### **5-2. Followup system**

*a.* The followup system will provide for a complete record of action taken on FARs and include controls to ensure—

(1) Timely submission of command replies.

(2) Corrective actions, as presented in the command reply or decision resulting from the resolution of the disagreement, are completed. Target dates established for planned corrective actions will be used to control actions.

*b.* Action activities will report completion of corrective actions and monetary benefits achieved (para 5-2*f*), if appropriate, to their focal points. Action activities will assist the focal point in—

(1) Maintaining accurate followup status records (to include explicit written confirmation and documentation that corrective actions have been taken and monetary benefits achieved).

(2) Responding to request for status reports. When reports of corrective action are not received by the established target dates, focal points will query the action activity. When previously established target dates for implementing corrective actions cannot be met, action activities will provide the focal points with new target dates and justification for reestablishing target dates.

*c.* Focal points will maintain formal records of reports to include:

(1) Significant milestone dates such as report date, command reply due-date, command reply submission date, target and actual implementation dates, and followup review date.

(2) The command or HQDA principal official position on FARs and monetary benefits, to include both the auditor's estimate and amount agreed to by management.

(3) The final position on FARs and monetary benefits resulting from decisions on disagreements.

(4) The management office or official responsible for implementing the agreed upon corrective action and action officers designated to monitor reports.

(5) The status of corrective actions completed or planned, with time schedules for completion; the current status of implementation of corrective actions, and documentation of completed actions, to include resulting monetary benefits.

(6) The status of agreed upon potential or achieved monetary benefits.

d. Focal points will ensure accurate followup status records are maintained and will implement selective on-site verification efforts or other measures to determine whether corrective actions taken by managers were timely, complete, and properly reported; what monetary benefits were achieved; and whether those actions corrected the problems. The status of agreed upon unimplemented corrective actions will be determined and documented in followup files at least semiannually for all reports exceeding 1 year from date of issue. Focal points will ensure that followup status records are readily available to oversight organizations.

e. Focal points will review instances of unjustifiable noncompliance or unreasonable slippage and bring the discrepancies to the attention of senior management officials who will ensure that appropriate measures are taken promptly.

f. Focal points will determine when final action has occurred in their activity. Reports will be recorded as closed in followup records only after cognizant managers have furnished explicit written confirmation that all agreed upon corrective actions have been completed or on-site verification has so indicated, and documentation of this is contained in the followup files. Monetary benefits will be recorded in followup systems as having been achieved only after cognizant managers have completed the related corrective actions and have furnished explicit written confirmation, including documentation such as references to official budget or accounting data or, if such documentation is not feasible, an updated estimate and the rationale for that estimate.

g. When analysis discloses that significantly different corrective actions were taken than those indicated in the command reply to a USAAA audit report, a supplemental command reply will be submitted through channels to TIG (SAIG-PA).

(1) The supplemental reply should follow the format in paragraph 2-6, but include the agreed-to actions, the actions taken, and how the actions taken accomplished the desired improvements. TIG will staff the reply with the appropriate HQDA principal officials.

(2) A supplemental reply is not to be made on potential monetary benefits or target dates. Differences in the amount agreed to and actually realized, or in the target dates, are reported in the semiannual Followup Status Report. (See para 6-1.).

h. Sufficient time will be dedicated to followup in the annual Internal Review and Audit Compliance Plan developed under AR 11-7. The results of followup reviews will be furnished HQDA when requested.

## **Chapter 6**

### **Semiannual Followup Status Report**

#### **6-1. General**

a. TIG (SAIG-PA) is required to submit a report to IG DOD semiannually on the status of action on USAAA audit and IR and commercial reports.

b. HQDA principal officials, MACOMs, and other activities

reporting directly to HQDA will submit feeder reports to HQDA (SAIG-PA), WASH DC 20310-1734. These reports should also be used to keep commanders and top management officials informed of the status of corrective actions and followup on USAAA audit and IR and commercial reports addressed to their activities, commands, and subordinate commands. The report is prepared in a narrative summary and on DA Form 5518-R. This form is located at the back of this regulation. It may be reproduced locally in 8½- by 11-inch paper.

c. The semiannual reports will cover the periods ending 31 March and 30 September. MACOMs and NGB will submit consolidated reports covering their subordinate activities. Consolidated MACOM reports and reports from HQDA principal officials and activities reporting directly to HQDA will be forwarded to reach TIG (SAIG-PA) by the 10th of the month following the end of the reporting period. PM and PEO input on USAAA reports, if any, will be submitted through the appropriate PEO and HQDA principal official. Reporting activities may establish earlier cutoff dates to meet these deadlines. Army's consolidated report to IG DOD must be submitted by the 30th of the same month.

d. Statistical information should be reviewed carefully for accuracy and reasonableness. Schedules should be clarified, as needed, with appropriate footnotes to show anomalies in statistical data or to more fully explain the data reported. Statistics on the number of reports, recommendations, and monetary benefits will cross add except for monetary benefits in Parts IV and V. MACOMs, when consolidating the reports of subordinate activities, will count each audit report only once.

e. USAAA advisory, letter, or other reports not subject to the official command reply process, or IR reports that do not contain recommendations, will not be reported. Followup reviews will not be reported as "Internal Review" response unless they contain recommendations not included in the original audit report. IR and commercial reports will be reported only in Part V.

f. Monetary benefits will be rounded to the nearest thousands of dollars; for example, \$155,500 will be reported as \$156. MACOMs may require exact rather than rounded amounts; however, consolidated reports to TIG will be rounded. All monetary benefits will be included even though they may apply to expired appropriations or are general receipts to the Treasury. Onetime and annual monetary benefits will be combined as a single amount.

g. Monetary benefits will be assumed to be in the category of "Funds Put to Better Use" (funds that could be used more efficiently) unless specifically indicated as "Questioned Costs" (incurred costs that are questioned). Questioned costs are applicable only to contract post-award audits such as those pertaining to defective pricing.

h. All dates will be in YYMMDD format.

i. The report must be UNCLASSIFIED.

j. The semiannual report will not be used to meet the requirements for a supplemental reply under paragraph 5-2g.

k. Focal points will retain supporting data and documentation for at least the prior two years and make the data and documentation readily available to oversight organizations. Supporting lists similar to those required for USAAA will be prepared for IR and commercial audit reports but will not be forwarded.

l. TIG must submit a list of USAAA audit reports issued during the period to IG DOD within 15 days of the close of the reporting period. USAAA will provide the list to TIG with its semiannual Inspector General Report. The list will include each report number, title, date of issue, and quantifiable monetary benefits estimates claimed by the auditors for reports issued through the end of the reporting period (31 March or 30 September). Total monetary benefits shown on the list of USAAA reports must agree with total potential monetary benefits reported by USAAA on Schedule 4, DD Form 2487 (see para 7-6g). Monetary benefits will be rounded to thousands of dollars and will be assumed to be in the category of "Funds Put to Better Use" unless specifically indicated otherwise. Classified reports will be identified with an asterisk after the report number. The list may include reports such as those identified in

paragraph 6-1e provided the types of reports are separately identified.

## **6-2. Part I, Narrative Summary**

a. Part I, Section A is a narrative summary covering the reporting activity's followup program on USAAA audit reports and will include:

(1) An assessment of the overall status of followup effort during the period.

(2) An explanation of on-site review or other measures taken to provide verification that deficiencies in corrective action are being identified.

(3) A discussion of any systemic followup weaknesses revealed during the period together with an explanation of what is being done to correct the problems.

(4) One of two examples of particularly noteworthy management actions completed on USAAA reports during the period for each HQDA principal official and MACOM with over 30 USAAA recommendations in "Action Completed—During Period" in Part IV. For each example, identify the related USAAA audit report number. The cited actions should be well documented in followup files.

(5) The number of completed USAAA audit reports, recommendations, and related agreed to monetary benefits that were: covered by an on-site IR followup review during the reporting period; reported as complete in previous semiannual reports that IR found to be incomplete; and reported as adjustments on Part VI, Actions Completed, based on IR followup.

(6) The number of USAAA reports over 18 months from the date of issue on which final action has not been completed.

b. Part I, Section B, is an explanation for each USAAA report over 18 months from the date of issue on which final action has not been completed. All incomplete reports over 18 months old through the end of the reporting period (31 March or 30 September) will be reported regardless of the actual cutoff date for preparing the report. A separate sheet, suitable for submission to IG DOD, will be prepared for each such report and will include: the report number, exact title, date of issue, agreed upon monetary benefits not yet achieved, a note on whether corrective action is on schedule with originally estimated completion date or has slipped, and an explanation for the reasons final action has not been taken.

## **6-3. Part II, Status of Management Decisions**

A summary of the status of management decisions on USAAA reports to include the quantifiable monetary benefit estimates claimed by the auditors. In preparing this part—

a. Beginning balances will be identical to the ending balances of the prior report. Any adjustments necessary to make current ending balances accurate will be made in the "Decided" column and explained.

b. Reports issued will include all reports received during the period, except those excluded by paragraph 6-1e, and reports received too late for inclusion in the prior period.

c. An audit report will be reported as decided if management has submitted an official command reply according to paragraph 2-5a agreeing with all recommendations and estimates of potential monetary benefits, or if management disagreed but the disagreements have been decided at HQDA. TIG notifies HQDA principal officials and MACOMs when disagreements submitted to HQDA are decided according to paragraph 2-8d.

d. An audit report and all related recommendations and monetary benefits in the report will be reported as decided in the same period, that is, individual recommendations and monetary benefits will not be reported as decided before the entire report is decided.

## **6-4. Part III, Reports Undecided for Over 6 Months**

A summary status of each USAAA report issued before the start of the current reporting period which remain undecided. No reports should remain undecided for over 6 months; therefore, contact TIG (SAIG-PA) before including a report in this Part.

## **6-5. Part IV, Status of Management Actions on USAAA Reports**

A statistical summary of the status of management actions on USAAA reports, recommendations, and agreed to monetary benefits. In preparing this part—

a. Beginning balances will be identical to ending balances on the prior report, and "Decided" balances will be identical to "Decided" balances in Part II. Any necessary adjustments to make ending balances accurate will be made in the "Action Completed" column and explained in Part VI. Examples of adjustments include recommendations reopened by followup, transferred from another command, or overlooked in a prior period (an example of an adjustment is at fig 6-1).

b. Reports and recommendations will be reported as completed only after the report is decided and cognizant managers have furnished explicit written confirmation that all agreed upon corrective actions have been completed or on-site verification has so indicated, and documentation of this is contained in the followup files. When managers provide explicit written confirmation of completion, the recommendation will be reported as completed even if completion has not been verified by an IR followup review. A recommendation will not be considered completed solely on the basis that the target date has passed. If a TIG or IR followup review subsequently reveals that action was not adequate, the next report will be adjusted according to paragraph 6-5a. The recommendations will again be reported as completed when managers provide explicit written confirmation of completion, even if completion has not been verified by a second IR followup review.

c. Monetary benefits will be reported as having been achieved only after cognizant managers have completed the related corrective action and furnished explicit written confirmation, including documentation such as references to official budget or accounting data or, if such documentation is not feasible, an updated estimate and the rationale for that estimate. Actual or management's best equivalent estimate of monetary benefits will be documented and reported when the recommendation is completed. When benefits are associated with more than one recommendation, the benefits will be tracked to the first recommendation unless command explains tracking to another recommendation in Parts VI or VII.

d. Recommendations and agreed to monetary benefits documented as completed before the report is decided or that require no action because a management disagreement was sustained will be reported as completed when the report is decided.

e. For decided reports, individual actions completed on individual recommendations and associated monetary benefits documented as completed will be reported as completed even though actions on other recommendations in the report are incomplete. The report will be reported as completed when all recommendations and associated monetary benefits are reported as completed.

f. The documentation required by paragraphs 6-5b and c will be maintained by the audit focal point and will be made readily available to oversight organizations. Audit focal points will manage and oversee their organization's audit followup program. This includes determining when final action has occurred.

## **6-6. Part V, Status of Management Actions on IR and Commercial Reports**

A statistical summary of the status of management actions on IR and commercial reports and associated monetary benefits. For this part, IR and commercial reports are considered decided once they are approved by the requesting commander. Total monetary benefits shown for IR reports must agree with total monetary benefits reported on Schedule 4, DD Form 2487, (para 7-6g). For each IR report over 12 months from the decision date on which decided monetary benefits of over \$1 million are still in progress at the end of the period, an explanation for the reasons final action has not been taken will be provided. The form for Part I, Section B may be lined through and relabeled as Part V, Section B, to meet this requirement.

**6-7. Part VI, Actions Completed on USAAA Audit Reports**

A list supporting the “Action Completed—During Period” column of Part IV. Identify the activities for recommendations addressed to more than one command or activity. If any adjustments are made according to paragraph 6-5a, list all completed recommendations first, provide unadjusted totals, then list and explain adjustments, and provide revised totals to support the figures shown in Part IV (an example of an adjustment is at fig 6-1). Identify in a footnote any USAAA recommendations reopened based on TIG followup and reclosed during the same period. TIG tracks these reopened recommendations and needs management confirmation in this part when they are completed. USAAA recommendations reopened

based on IR followup and reclosed during the same period need not be identified.

**6-8. Part VII, Actions In Progress on USAAA Reports**

A list supporting the “Action in Progress –End of Period” column of Part IV. Target dates for completion of recommendations should be after the cut off date of the Followup Status Report. Identify the activities for recommendations addressed to more than one command or activity. The status of agreed upon unimplemented corrective actions will be determined and documented in followup files at least semiannually for all reports exceeding 1 year from date of issue. Slippages from originally estimated completion dates will be explained. The list will also be used to ensure that each report over 18 months old is explained in Part I. (See para 6-2b.)

# Format for Identification of Completed Actions on USAAA Reports

## Part VI - Actions Completed on USAAA Reports

<u>REPORT NUMBER</u>	<u>RECOMMEN- DATION</u>	<u>DATE COMPLETED</u>	<u>MONETARY BENEFITS (\$000)</u>	<u>REMARKS</u>
EC 88-201	A-1	891005	0	
	A-3	891005	0	
(EC 90-805)	D-4	900130	0	(A)
EC 90-817	A-1	891108	0	
	A-2	891029	0	
NE 88-015	A-3	891214	0	
NE 89-310	D-4	900109	0	
	D-5	900109	0	
	D-6	900201	70,700	
(NE 90-405)	C-2	891112	0	(A)
	C-3	891112	0	
	C-4	891015	0	
	C-6	891204	150,000	
	C-9	900214	0	
	D-3	900301	0	
	D-4	891007	0	
4	16		220,700	TOTAL COMPLETED
<u>ADJUSTMENTS TO MAKE "ACTIONS IN PROGRESS -END OF PERIOD" CORRECT:</u>				
EC 88-607	A-2		0	Reopened by IR FU
NE 88-109	B-2		0	Reopened by TIG FU (B)
2	2		0	LESS ADJUSTMENTS
2	14		220,700	NET COMPLETED (to Part IV)

Footnote: (A) Report still has unimplemented recommendations and therefore is not counted as completed.

(B) NE 88-109, B-7 (\$0) was reopened by TIG followup and completed during the same period (900228). (Not listed as an adjustment because reopening and then completing the action did not effect "Actions Completed" or "Actions in Progress -End of Period". Status provided so TIG can record the action as completed.)

Figure 6-1. Example of the reporting activity's completed USAAA audit reports with adjustments

## Chapter 7

### DOD Inspector General Semiannual Report to the Congress

#### 7-1. General

a. TIG is required to submit semiannual reports to IG DOD summarizing the significant activities of auditors, investigators and inspectors and their efforts to curb fraud, waste and mismanagement. Semiannual reports are submitted for the 6-month periods ending 31 March and 30 September. TIG is responsible for developing the inspection information for the Army and consolidating information from the following organizations:

(1) The Auditor General submits internal audit (USAAA) information.

(2) The ASA(FM) (SAFM-RO) consolidates and submits IR and U.S. Army Corps of Engineers contract audit information.

(3) MACOM IGs submit inspection information.

(4) The Commander, U.S. Army Criminal Investigative Command, submits investigative information.

b. All required information, except information on USAAA audit reports, will be cutoff as of 28 February or 31 August, and submitted to arrive at TIG(SAIG-PA) by the last workday of March or September. Information on USAAA reports will be reported through 31 March or 30 September, and submitted to arrive at TIG(SAIG-PA) by the third workday of April or October. TIG will submit the Army's consolidated report to IG DOD by 15 April or 15 October.

c. The following general requirements apply to all reporting organizations:

(1) Write clear, double-spaced narrative statements that are brief, yet provide enough information for a full understanding of the subject.

(2) When referring to hardware by its alphanumeric designation, give a brief description. For example, "An audit of the repair program for the M60A3, a battle tank, resulted in significant monetary savings."

(3) Include a report number, case file number or other control reference for each audit, IR, inspection or investigative synopsis.

(4) Furnish clear black and white glossy photographs (preferably 2- by 3- or 4- by 5-inches) of the hardware items or components that were referenced in the significant case synopses to be highlighted in the report. The photographs may be of a single component, a whole system, or both. Caption all photos and indicate their source. (Caution: Use only those photographs taken by DOD or by another Federal agency that are in the public domain. Do not use copyrighted photographs taken by contractors or by others in the private sector.)

(5) Identify acronyms the first time they are used.

(6) Report the organization's structure or responsibilities only if they have changed during the reporting period.

(7) Provide a summary of reports made to the Secretary of Defense on any denial of access to documentation or information. Prepare a brief, separate narrative for each denial.

(8) The report must be UNCLASSIFIED.

#### 7-2. Internal Audits and Reviews

a. *Internal audits (provided by the Auditor General) and IRs (provided by ASA(FM) (SAFM-FO)).*

(1) Provide at least ten narrative synopses of significant audit reports issued during the reporting period (IR offices provide up to five synopses of significant reports decided during the period). Each synopsis must include the potential monetary benefits identified by the audit or review, the significance of management improvements, the hardware or system reviewed, recommended solutions, and known outcomes.

(2) Provide up to five examples of significant audits that were the result of DOD Hotline or departmental hotline referrals. For each example, specify the component that made the referral and include the hotline case number.

(3) Include information on areas that were surveyed or audited and found to be managed so effectively that an audit was unnecessary or the audit was ended without audit recommendations.

b. *U.S. Army Corps of Engineers Contract Audits (provided by ASA(FM) (SAFM-FO)).*

(1) Provide up to five synopses of U.S. Army Corps of Engineers contract audit reports issued during the reporting period. Each synopsis must include the potential monetary benefits identified, the significance of management improvements, the hardware or systems reviewed, recommended solutions and known outcomes.

(2) Identify each contract audit by type; for example, incurred costs, forward pricing proposals, cost accounting standards, defective pricing, operations and claims.

#### 7-3. Inspections (provided by MACOM IGs)

a. Provide up to ten synopses of inspection reports issued during the reporting period that highlight significant instances of fraud, waste, or mismanagement. Synopses should include the objective of the inspection, results, general conclusions and known outcomes. The synopses should include instances described in previous semiannual reports on which verification inspections identified that corrective action had not been taken.

b. Provide information on inspection areas emphasized during the reporting period.

c. Provide up to five examples, if applicable, of inspections that were the result of DOD Hotline or departmental hotline referrals or special inquiries cases. For each hotline example, specify the component that made the referral and include the hotline case number.

#### 7-4. Investigations (provided by U.S. Army Criminal Investigation Command)

a. Provide up to three brief synopses of the most significant fraud and crime prevention surveys or significant crime analysis reports completed during the period. Clearly indicate how each survey or report had a significant affect on operations or management.

b. Provide summaries of fraud cases in which an indictment, conviction, or significant resolution (for example, substantial sentencing, recovery, or settlement in a case for which an indictment was previously reported), occurred during the reporting period. The summary for each case will include the name(s) of the subject(s), the case file number, a brief description of the fraud scheme(s), and criminal, civil, contractual, administrative, or other disposition of the investigation as it relates to each subject.

c. TIG will provide a courtesy copy of the summaries to IG DOD by 10 April or 10 October.

#### 7-5. Synopses of prevention efforts and management improvements (all reporting organizations)

a. Provide synopses of preventive efforts and management improvements separate from the other reporting requirements. Use cross-references or control numbers on each synopsis, when possible, particularly when the synopsis contains statistical information. The synopses should be brief and clearly explain how the prevention effort or management improvement significantly affected operations or management.

b. Examples of activities or accomplishments to consider may include, but are not limited to:

(1) Significant assistance provided by auditors or inspectors to management, command or investigative organizations.

(2) New techniques or approaches used in planning, reporting on or performing audits, inspections and investigations.

(3) Significant impact in recruiting, training or career development.

(4) Use of technical experts to augment audit, inspection or investigative staffs. (Identify the type of expert, the nature of the project, and the contribution made by the expert.)

(5) Ways in which the organization improved its economy, efficiency and effectiveness.

(6) Initiatives taken to deter fraud, waste, abuse or mismanagement, including establishing special task forces or committees; issuing handbooks; conducting fraud awareness briefings; conducting special studies, surveys, or vulnerability assessments; and participating in cross-agency activities.

## 7-6. Statistical reporting requirements (all reporting organizations)

*a.* Use the schedules on DD Form 2487 to report all statistical data. Requests for DD Form 2487 should be sent to HQDA (SAIG-PA), WASH, DC 2031-1734. Responsibilities for reporting statistical information are shown in table 7-1.

*b.* Include potential monetary benefits identified in sensitive compartmented information and special access program reports in total monetary benefits reported. Do not provide further identification of these reports.

*c.* Review statistical information carefully for accuracy and logic. Base estimated monetary benefits on foundations that can be supported. Round dollar amounts to the nearest thousand, unless otherwise specified.

*d.* Clarify schedules, as needed, with appropriate footnotes to show exceptions in statistical data or to more fully explain the data reported.

*e.* IGs report total manpower and operating costs under the inspection element on Schedules 1, 2, and 3 (the "investigation" element pertains only to activities of Criminal Investigation Command); however, IGs provide footnotes or separate schedules for manpower and operating costs associated with the investigation and assistance functions.

*f.* For Schedule 3, base civilian personnel operating costs on the General Schedule pay rates then in effect. Base military personnel costs on the latest available composite standard rates issued by the U.S. Army Finance and Accounting Center.

*g.* For Schedule 4, ensure the total potential monetary benefits will be the same as reported in "Decided During Period" in DA Form 5518-R, part V, (para 6-6) for IR and the list of reports issued (para 6-11) for USAAA.

**Table 7-1**  
**Schedules to be Completed by Reporting Organizations**

Reporting Organization	Schedules Required
The Auditor General	1, 2, 3, and 4
Internal Review	1, 2, 3, and 4
Corps of Engineers	1, 2, 3, 5, and 6
Inspectors General	1, 2, 3, and 10
Criminal Investigation Command	1, 2, 3, and 7

**Notes:**

1. Schedules 8, 9, 10, 11, and 12 do not apply to the Army and, therefore, are not included.

## **Appendix A References**

### **Section I Required Publications**

#### **AR 20-1**

Inspector General Activities and Procedures. (Cited in paras 2-3 and 3-6.)

#### **AR 25-55**

The Department of the Army Freedom of Information Act Program. (Cited in para 4-5f(10).)

#### **AR 36-5**

Auditing Service in the Department of the Army. (Cited in paras 2-1, 2-3, 2-4b, and 2-4c.)

#### **AR 37-1**

Army Accounting Guidance and Fund Control. (Cited in para 1-4c.)

#### **AR 190-40**

Serious Incident Report (RCS CSGPA 1340). (Cited in paras 2-10a(3) and 4-11 b.)

#### **AR 340-17**

Release of Information and Records from Army Files. (Cited in para 1-4d(9).)

#### **AR 340-21**

The Army Privacy Program. (Cited in para 4-5f(10).)

#### **AR 380-5**

Department of the Army Information Security Program. (Cited in paras 2-3, 3-6, 4-6a, and 4-15.)

#### **AR 623-105**

Officer Evaluation Reporting System. (Cited in paras 1-4f(7), 1-4g(5), and 1-5h.)

#### **AR 690-400**

Employee Performance and Utilization. (Cited in paras 1-4f(7), 1-4g(5), and 1-5h.)

#### **AR 690-900**

Civilian Personnel-General and Miscellaneous. (Cited in paras 1-4f(7), 1-4g(5), and 1-5h.)

### **Section II Related Publications**

A related publication is merely a source of additional information. The user does not have to read it to understand this regulation.

#### **AR 1-20**

Legislative Liaison

#### **AR 5-3**

Installation Management and Organization

#### **AR 11-7**

Internal Review and Audit Compliance Program

#### **AR 335-15**

Management Information Control System

#### **Internal Review and Audit Compliance Manual**

### **Section III Prescribed Forms**

#### **DA Form 5518-R**

Followup Status Report. (Published in para 6-1b.)

#### **DD Form 2487**

DOD Inspector General Semiannual Report to the Congress. (Prescribed in paras 6-1f and 7-6a.)

### **Section IV Referenced Forms**

#### **DA Form 67-8**

U.S. Army Officer Evaluation Report

#### **DA Form 5397**

Civilian Performance Plan



## **Glossary**

### **Section I Abbreviations**

#### **ASA(FM)**

Assistant Secretary of Army (Financial Management)

#### **CSA**

Chief of Staff, Army

#### **DA**

Department of the Army

#### **DISC4**

Director of Information Systems for Command, Control, Communications, and Computers

#### **DOD**

Department of Defense

#### **FAR**

finding and recommendation

#### **FYDP**

Five year defense plan

#### **GAO**

U.S. General Accounting Office

#### **GSA**

General Services Administration

#### **HQDA**

Headquarters, Department of the Army

#### **IG**

inspector general

#### **IR**

internal review

#### **MACOM**

major Army command

#### **NGB**

National Guard Bureau

#### **OAIG(A)**

Office of the Assistant Inspector General for Auditing

#### **OASD**

Office of the Assistant Secretary of Defense

#### **OASD(PA&E)**

Office of the Assistant Secretary of Defense (Director, Program, Analysis, and Evaluations)

#### **OCLL**

Office of the Chief of Legislative Liaison

#### **OIG, DOD**

Office of the Inspector General, Department of Defense

#### **OMB**

Office of Management and Budget

#### **OSD**

Office of the Secretary of Defense

#### **PEO**

program executive officer

#### **PM**

program manager

#### **TIG**

The Inspector General

#### **USAAA**

U.S. Army Audit Agency

#### **USAR**

U.S. Army Reserve

#### **USofA**

Under Secretary of the Army

#### **VCSA**

Vice Chief of Staff, Army

### **Section II Terms**

#### **Agreed upon recommendation**

A recommendation for management action that is approved explicitly by the cognizant DOD Component(s) and incorporated into program plans.

#### **Closed**

Cognizant managers have furnished explicit written confirmation that all corrective actions have been completed or on-site verification has so indicated, and documentation of this is contained in the following files.

#### **Closed cases (criminal investigations)**

Those cases for which a final investigation report has been rendered. If the investigation was referred to another agency, and is being monitored by the originating DOD Component, the case is not considered closed until a final report has been issued by the agency where the case was referred.

#### **Conviction**

The number of individuals and/or companies found guilty by an authorized court of law, including a court martial of military personnel, for a charged offense. (Under this regulation, the total number of individuals and/or companies is counted for each conviction, and is counted each time a conviction is rendered.)

#### **Decided**

An agreement has been reached between management and auditors or a decision has been made by a senior official settling the disagreement. In the case of GAO reports, disputed findings, recommendations, or monetary benefits are considered decided once an official DOD response has been made to the final report. For purposes of the semiannual Followup Status Report, internal review reports and commercial (non-Federal) audit reports are considered advisory in nature and,

as such, are considered decided once they are approved by the requesting commander.

#### **Disallowed cost**

A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government. (This term is applicable only to incurred cost audits such as those about defective pricing on defense contracts.)

#### **Final action**

The completion of all actions management concluded, in its management decision, are necessary regarding the findings and recommendations in an audit report. If management concludes no action is necessary, final action occurs when a management decision has been made.

#### **Finding**

As defined by the U.S. Comptroller General, "Government Auditing Standards," a statement made on the basis of the information developed about an organization, program, activity, function, condition, or other matter analyzed or evaluated. Certain DOD inspection organizations refer to findings as observations.

#### **Fraud**

For the Inspector General Report includes Government theft and/or embezzlement, bribery, gratuities, conflicts of interest, and violations of antitrust laws, and fraud (for example, false statements and false claims) in the following areas: pay and allowances, procurement, property disposal, commissary and/or subsistence, nonappropriated funds, Civilian Health and Medical Program of the Uniformed Services, foreign military sales, and personnel matters.

#### **Funds put to better use**

The financial impact of a recommendation by auditors that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation, including: reductions in outlays; deobligation of funds from programs or operations; withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; avoidance of unnecessary expenditures noted in preaward reviews of contract or grant agreements; or any other savings that are specifically identified. Such financial impact may be calculated on the basis of statistical projections, where appropriate. All financial impact of audits shall be reported either as "Funds to be Put to Better Use" or as "Questioned Cost" (see definition below), but not both.

#### **Indictment**

An accusation in writing found and presented by a grand jury, legally convoked and sworn to the court where it is impaneled, charging that a person and/or company has done some

act or been guilty of some omission, which by law is a public offense, punishable on indictment. (For the Inspector General Report, the total number of individuals and/or companies is counted in each indictment, and is counted each time an indictment is rendered.) Instead of an indictment, a U.S. attorney may file an "information," which is counted the same as an indictment and included in the indictment count.

#### **Internal audit**

Includes the central audit organization (U.S. Army Audit Agency) and the internal review organizations.

#### **Management decision**

The evaluation by management of the findings recommendations, and monetary benefits in an audit report and the issuance of a final determination by management concerning actions concluded to be necessary.

#### **Management improvement**

Any action taken to improve the quality or timeliness of program performance, to increase productivity, to control costs, or to mitigate the adverse aspects of a DOD component's operations. This includes descriptions of economies and efficiencies to be achieved and an estimate of the monetary benefits that shall result when action is taken.

#### **Monetary benefits**

Questioned costs or funds put to better use.

#### **Open**

Agreed upon corrective action has not been completed.

#### **Operating costs**

Program costs necessary to operate and maintain a DOD component's capability. These include military personnel and operation and maintenance costs.

#### **Questioned cost**

An incurred cost questioned by auditors because of: an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the audit, such cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. (This term is applicable only to contract post-award audits such as those pertaining to defective pricing.)

#### **Quick Reaction Report**

Interim reporting of situations demanding immediate action to prevent, correct, or reduce a serious problem that cannot be addressed expeditiously enough by normal audit reporting methods. Such reports include specific recommendations and are normally addressed to the lowest level capable of taking the necessary corrective action. The originating audit organization requests management comments in a timeframe that allows elevation of the

matter to higher authority before an adverse effect occurs if a responsive reply is not received.

#### **Special inquiries**

Noncriminal investigations of violations or apparent violations of law, DOD systems, regulations, directives, or instructions. Requests for special inquiries are received from the Congress, the Administration, and the DOD Hotline. Complaints or requests for assistance also are received by the IG DOD and the Secretary of Defense from Federal Government employees and from private sector individuals.

#### **Undecided**

Management has not yet commented on a DOD audit organization's final findings, recommendations, or estimated potential monetary benefits, or does not concur and the DOD audit organization does not agree with the management position. Also applies when management and the DOD audit organization are attempting to resolve disagreements at lower levels, or the disagreement is being submitted to a senior official for decision.

#### **Waste**

The extravagant, careless or needless expenditure of Government funds or the consumption of Government property that results from deficient practices, systems, controls, or decisions. Waste also may include improper practices not involving prosecutable fraud.

### **Section III**

#### **Special Abbreviations and Terms**

This section contains no entries.

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## Terms. See Glossary Section II

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**RESERVED**

<b>FOLLOWUP STATUS REPORT</b>				RCS: DD-IG(SA) 1574
For use of this form, see AR 36-2, the proponent agency is TIG				1 REPORTING ACTIVITY
2. FOR PERIOD ENDING (YYMMDD)	3 DATE OF TRANSMITTAL (YYMMDD)	4 POINT OF CONTACT	5 TELEPHONE NO (AUTOVON)	
<b>PART I - NARRATIVE SUMMARY FOR USAAA REPORTS</b>				
<b>Section A - Narrative Summary</b> <i>(Provide summary in accordance with para 6-2a)</i>				



Section B - For each USAAA report over 18 months old from the date of issue on which final action has not been completed provide a separate sheet as follows				6. REPORTING ACTIVITY
7. USAAA REPORT NUMBER	8. TITLE <sup>1</sup>			9. DATE ISSUED (YYMMDD)
10.	AGREED UPON MONETARY BENEFITS NOT YET ACHIEVED (\$000)		11. CHECK TYPE OF MONETARY BENEFITS	
			a.	FUNDS PUT TO BETTER USE
			b.	QUESTIONED COSTS
12.	CHECK REASON FINAL ACTION HAS NOT BEEN TAKEN		13. ORIGINALLY ESTIMATED COMPLETION DATE (YYMMDD)	
	a.	LONG-TERM CORRECTIVE ACTION ON SCHEDULE.		
	b.	MANAGEMENT ACTION SLIPPED SIGNIFICANTLY FROM ORIGINALLY ESTIMATED COMPLETION DATE		
14.	EXPLANATION FOR REASONS FINAL ACTION HAS NOT BEEN TAKEN			

<sup>1</sup>Provide exact title including location if part of the title





[illegible]

<sup>3</sup>Use quantifiable monetary benefits estimates specifically agreed to by management.

<sup>4</sup>Difference between monetary benefit estimates claimed by auditors and those specifically agreed to by management for reports decided



PART III - USAAA REPORTS UNDECIDED FOR OVER 6 MONTHS				17	REPORTING ACTIVITY
18	USAAA REPORT NUMBER	19	TITLE		
20	DATE ISSUED (YYMMDD)	21.	MONETARY BENEFITS ESTIMATED BY USAAA (\$000)	22	TIMETABLE FOR ACHIEVING MANAGEMENT DECISION
23	EXPLANATION OF THE REASONS A MANAGEMENT DECISION HAS NOT BEEN MADE				



**PART IV - STATUS OF MANAGEMENT ACTION ON USAAA REPORTS**

	ACTION IN PROGRESS -BEGINNING OF PERIOD <sup>5</sup> (1)		DECIDED DURING PERIOD (2)		ACTIONS COMPLETED -DURING PERIOD <sup>7</sup> (3)		ACTION IN PROGRESS -END OF PERIOD <sup>8</sup> (4)	
	NUMBER	MONETARY BENEFITS (\$000) <sup>9</sup>	NUMBER	MONETARY BENEFITS (\$000) <sup>9</sup>	NUMBER	MONETARY BENEFITS (\$000) <sup>10</sup>	NUMBER	MONETARY BENEFITS (\$000) <sup>9</sup>
24 USAAA a REPORTS			6		11		12	
b RECOMMENDATIONS			6		11		12	

**PART V - STATUS OF MANAGEMENT ACTION ON INTERNAL REVIEW AND COMMERCIAL REPORTS**

	ACTION IN PROGRESS -BEGINNING OF PERIOD <sup>5</sup> (1)		DECIDED DURING PERIOD (2)		ACTIONS COMPLETED -DURING PERIOD <sup>7</sup> (3)		ACTION IN PROGRESS -END OF PERIOD (4)	
	NUMBER	MONETARY BENEFITS (\$000) <sup>9</sup>	NUMBER	MONETARY BENEFITS (\$000) <sup>9</sup>	NUMBER	MONETARY BENEFITS (\$000) <sup>10</sup>	NUMBER	MONETARY BENEFITS (\$000) <sup>9</sup>
25 REPORTS a INTERNAL REVIEW							13	
b COMMERCIAL								

<sup>5</sup>This column must agree with the prior report's Action in Progress -End of Period

<sup>6</sup>USAAA figures must agree with those in PART II's Decided During Period

<sup>7</sup>For PARTS IV and V only count a report as completed when the last recommendation in the report is implemented

<sup>8</sup>Each USAAA report over 18 months old must be explained in PART IB.

<sup>9</sup>Use quantifiable monetary benefits specifically agreed to by management

<sup>10</sup>Monetary benefits shall be reported as completed (achieved) only after cognizant managers have completed the related corrective actions and have furnished confirmation, including documentation such as references to official budget or accounting data or, if such documentation is not feasible, and updated estimate and the rationale for that estimate

<sup>11</sup>Provide details for USAAA reports in PART VI

<sup>12</sup>Provide details for USAAA reports in PART VII

<sup>13</sup>Provide details for Internal Review reports decided for over 12 months with over \$1 million in a format similar to PART IB



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DA FORM 5518-R, FEB 91





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